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SUBJECT: GHANA'S PRESIDENT KUFUOR DELIVERS STATE OF NATION ADDRESS

11. Summary: President Kufuor's January 31 State of the National address reemphasized his government's commitment to human resource development, private sector development and good governance. It highlighted the GOG's macroeconomic successes while pressing for passage of the Representation of the People bill which will enable overseas Ghanaians to vote. His and the ruling NPP party's support for this bill has greatly heightened political tensions in Ghana. End Summary.

Economic Successes

12. (U) In his annual State of the Nation address delivered on January 31, 2005, President Kufuor highlighted the his government's macroeconomic successes as "the toast of the international community." For the first time ever, the GOG submitted the 2006 budget before the end of the calendar year, as required by the constitution. Annual GDP growth is 6 percent but needs to be 8 percent for Ghana to achieve middle income status by 2015. In the past two years, \$7 billion in GOG debt was canceled and the government created 250,000 new public sector jobs. (Note: we calculate that GDP growth is between 5-6 percent and debt relief will total around \$4.5 billion, not the \$7 billion figure he used. End note.) Kufuor highlighted the GOG's revival of the VALCO aluminum plant. (Note: Kaiser Aluminum sold its share to the GOG after an investment dispute. End note.) Kufuor also cited other new investments: Fruitier of France, Anglogold-Ashanti and Newmont mining companies, Maersk (which plans to build a large container terminal in Takoradi), and a consortium of investors looking at reviving Ghana's railway system. He hoped the Millennium Challenge Account (MCA) and the West African Gas Pipeline (WAGP) would be on stream this year.

Human Resources and the Private Sector .

13. (U) Kufuor highlighted three priorities: human resource development, private sector development, and good governance. On human resource development, he detailed the GOG's support for teacher training and social service delivery, including affordable housing. On private sector development, he noted that a venture capital fund is now operational, and that a contract for a national identity card is about to be awarded. While the private sector is the "main engine" for growth, the GOG would step in when needed to safeguard national interest, as it did with VALCO and the telecommunications and textile sectors. The 2007 50th anniversary jubilee requires a focus on more tourism infrastructure.

Governance

14. (U) Ghana is proud to be at peace and to be the first country to undergo a peer review under the NEPAD African Peer Review Mechanism (ARM), Kufuor said. He acknowledged a perception that the GOG was not doing enough to fight corruption. He responded that the GOG has quadrupled the budget for anti-corruption institutions since 2001. In an unusual move for a president, he had offered to appear before the Commission on Human Rights and Justice (CHRAJ) to respond to a corruption charge, but the accuser failed to prosecute the charge. The media should take corruption allegations to the police or to the Office of Accountability, Kufuor said. He criticized "certain websites" for their negative coverage, which was undermining Ghana's international image, adding "we must be careful not to let people who do not subscribe to the tenets of democracy take advantage of the freedoms guaranteed thereunder to subvert democracy." Kufuor also stressed his priority of refurbishing Flagstaff House as a replacement for Christianborg Castle, the current seat of government, using a concessional loan from the Government of India.

5 (U) Kufuor also affirmed it was time to move ahead with the Representation of the People (Amendment) Bill, which will enable Ghanaian citizens living abroad to vote. Parliament could debate the law and the Electoral commission could decide when and how to implement it, but this law had been discussed since 1996 and should be passed, he said, adding that those who opposed the law "must have an unwholesome motive to the protest, to which the country should be alerted." He also endorsed passage of the Whistleblower and

Freedom of Information bills.

Comment

16. (SBU) The President underscored the continuity in his priorities and his economic successes, but was short on new ideas and sharpened Ghana's political divide. His attack on the Ghanaweb website reflects some growing concern about intimidation of the media. Many in the opposition question Kufuor's priority focus on relocating the presidency using a large Indian loan, saying it is too expensive and unnecessary. Kufuor's strong support for the Representation of the People bill (backed by strong body language from him and his party leaders during the speech) brought angry jeers from the opposition in parliament, who shouted "we want peace." They view the bill as an attempt by the ruling party to rig the 2008 elections. This major controversy could distract the GOG from its economic and political agenda (as we will report septel.)

BRIDGEWATER